

APPENDIX "D"

DEFINITIONS¹

Aggregate: The "aggregate" ratio is the sum of the assessed values divided by the sum of the selling prices of a given sample of sales.

Coefficient of Dispersion: The "coefficient of dispersion" is defined as the average absolute deviation from the median divided by the median, and multiplied by 100 to yield a percentage.

Coefficient of Dispersion: The "coefficient of variation" is the standard deviation divided by the mean, the result of which is multiplied by 100. It is another important measure of appraisal uniformity. If the ratios are normally distributed, the COV provides the most precise measure of variability, that is, an indication of the quality of the assessment practices. The smaller the measure, the better the quality of the assessment practice.

Mean: The "mean" ratio is the sum of the individual ratios divided by the total number of ratios.

Mean Absolute Deviation: The "mean absolute deviation" is equal to the sum of the absolute deviations of the ratios from the median ration, divided by the number of ratios.

Median of an Array: The "median of an array" is that ratio which is located midway between

¹ International Association of Assessing Officers, *Standard on Ratio Studies*, 1990, p. 18.

the beginning and ending ratio if the number of ratios in the array is odd, or the mean of the two middle ratios if the number of ratios in an array is even.

Price Related Differential: The “price related differential” is calculated by dividing the mean ratio for a group of data by the aggregate ratio for the same data with the result multiplied by 100 to convert the result to a percentage. In analyzing the price related differential, a differential of more than 100 indicates that higher priced properties are generally assessed at lower ratios than lower priced properties. A percentage of less than 100 indicates that lower priced properties are generally assessed at lower ratios than higher priced properties.

Range of Ratio: The “range of ratio” is the variance between the low and high ratios.

Standard Deviation: The “standard deviation” is a reliable estimate of the percentage of observations included within a given distance from the mean of a normal distribution.

Theoretically, about 68 percent of all observations should fall within \pm one standard deviation from the mean; 95 percent within \pm two standard deviations; and 99 percent within \pm three standard deviations, when a population is normally distributed.